

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2758 – HB 3142

February 4, 2012

SUMMARY OF BILL: Authorizes a metropolitan government with a downtown development district to levy an additional local sales tax on retailers of goods who are located within the district, provided the local governing authority approves such additional tax, and provided further, that the total sales tax rate does not exceed the statutory maximum. Authorizes the funds derived from such increase to be expended only to promote business activity within the downtown development district, or for providing improved government services within the district.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Davidson County is the only metropolitan government with a downtown development district. A possible shift of use for future local option sales tax revenue for Davidson County if the County's local option sales tax rate is increased pursuant to this bill in lieu of being increased pursuant to current law. Any such shift of local revenue would be dependent upon action taken by the governing authority of Davidson County. Otherwise, the fiscal impact of this bill is not significant.

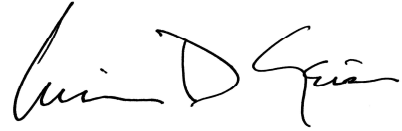
Assumptions:

- Based on information from the Comptroller of the Treasury, the only metropolitan forms of government in Tennessee are Davidson, Moore, and Trousdale counties.
- The Comptroller indicates that Davidson County is the only metropolitan government with a downtown development district.
- Pursuant to Tenn. Code Ann. § 67-6-702(a)(1), the maximum amount of local option sales tax that can be levied by a local government is 2.75 percent.
- The current local option sales tax rate in Davidson County is 2.5 percent.
- Davidson County could levy, with approval of the governing authority, an additional sales tax up to 0.25 percent.
- Because local governments are currently authorized to levy a local option sales tax up to 2.75 percent, it is assumed that Davidson County has authority under current law to levy the additional 0.25 percent tax. As a result, any change in local government revenue is considered not significant.
- This bill authorizes any additional funds that would be derived from such additional tax be spent only to promote the business activity within the district or to provide improved

governmental services within the district. As a result, there could be an unknown shift of use for funds derived from any future sales tax rate increase, if the tax rate increase is levied pursuant to this bill in lieu of being levied pursuant to Tenn. Code Ann. § 67-6-702(a)(1). Any such shift of revenue would be dependent upon action taken by the governing authority of Davidson County.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/rnc